

Govt may harden stance on investing in tobacco firms

Health ministry writes to finance ministry, calling for directive to state-owned institutions not to invest in tobacco manufacturers

Arijit Paladhi Fri, Nov 04 2016



The move comes ahead of a conference on WHO's Framework Convention on Tobacco Control being hosted by the ministry of health. Photo: Mint

The Union health ministry has asked the finance ministry to direct government institutions not to invest in companies involved in the manufacture and marketing of tobacco.

“We have sent representation to the finance ministry about not investing in companies involved in the production of tobacco,” C.K. Mishra, secretary, ministry of health and family welfare, said on Thursday.

State-owned Life Insurance Corporation of India (LIC) and Specified Undertaking of the Unit Trust of India (Suuti) are invested in Kolkata-based ITC Ltd.

Domestic institutions hold close to 32% in ITC Ltd.

There are five insurance firms that own stakes in ITC Ltd: National Insurance Co. Ltd (1.22%), The Oriental Insurance Co. Ltd (1.47%), General Insurance Corp. of India (1.77%), The New India Assurance Co. Ltd (1.78%) and LIC (14.34%).

An ITC spokesperson declined to comment on the development. Phone calls made to an LIC spokesperson remained unanswered

Suuti, a special-purpose financial vehicle owned by the centre, has an additional 11.13% stake in LIC.

The health secretary's comments come in the wake of the 7th Session of Conference of Parties (COP 7) to the World Health Organization's Framework Convention on Tobacco Control (FCTC) being hosted by the ministry of health from 7 to 12 November. Delegates from about 180 countries will participate in the exercise intended to revise the FCTC treaty—in force since 2005.

The move is yet another twist in the ongoing scuffle between the tobacco industry and the Indian government, where the former has been lobbying with the government to soften its stance on FCTC.

A tobacco farmers' group this month questioned the legality of India implementing the FCTC treaty, and asked the Delhi high court to compel the government to allow farmers to attend the WHO FCTC conference, *Reuters* had reported on 27 October. Earlier this year, the Indian tobacco industry was forced to print bigger health warnings on tobacco products.

Tobacco use kills over 6 million people per year and India, which is the third biggest tobacco producer in the world, sees close to a million deaths due to tobacco consumption. According to WHO estimates, tobacco-related diseases cost the country over \$16 billion annually.

A person working with a state-owned firm that has invested in ITC said investments in such companies were made long before the government formulated its strategy of refraining from investing in firms engaged in the tobacco business.

“So the rules may not be applicable on a retrospective basis and hence it may not impact the existing investments made by LIC or SUUTI in any firm involved in the tobacco business. However, the final decision of the government has not yet been communicated to LIC yet and Irda (Insurance Regulatory and Development Authority of India) too may have to act on its investment rules before asking insurance companies to change the status of their exposure in any company or sector,” the person said on condition of anonymity.

The move is expected to impact ITC, which has a 75% share of the cigarette market.

Anirudh Laskar in Mumbai contributed to this story.